

Reef Real Estate Finance Co. B.S.C. (c)

Consolidated condensed interim
financial information for the quarter and
the nine months ended 30 September
2016 (Unaudited)

Reef Real Estate Finance Co. B.S.C. (c)
Financial information for the quarter and the nine months ended 30 September 2016

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Reef Real Estate Finance Co. B.S.C. (c)
Administration and contact details as at 30 September 2016

Commercial registration no.	58073 obtained on 10 September 2005	
CBB license	FC/001 obtained on 5 May 2005	
Board of Directors	Mr Ali Ahmed Al Baghli Mr Saud Kanoo Mr Faisal Al Matrook Mr Nasser Abdulhadi Al Gharibah Mr Samer Abbouchi Mr Waleed Al Khaja Mr Yasser Al-Jar (From 2 February 2016) Mr Mohammed Abdulla Isa (Up to 10 January 2016)	(Chairman) (Vice-Chairman)
Chief Executive Officer	Mr Mahmood Al Koofi (Up to 31 January 2016)	
Acting Chief Executive Officer	Mr Hassan Dhaif (From 1 February 2016)	
Executive Committee	Mr Faisal Al Matrook Mr Nasser Abdulhadi Al Gharibah Mr Samer Abbouchi	(Chairman)
Nomination and Remuneration Committee	Mr Ali Ahmed Al Baghli Mr Faisal Al Matrook Mr Saud Kanoo	(Chairman)
Audit Committee	Mr Saud Kanoo Mr Waleed Al Khaja Mr Yasser Al-Jar (From 2 February 2016) Mr Mohammed Abdulla Isa (Up to 10 January 2016)	(Chairman)
Sharia'a Supervisory Advisor	Shaikh Dr. Osama Bahar	
Registered office	YBA Kanoo Tower Flat 114, Building 155 Road 1703, Block 317 PO Box 18599 Diplomatic Area, Manama Kingdom of Bahrain	
Bankers	Ithmaar Bank Ahli United Bank Kuwait Finance House Al Baraka Islamic Bank Khaleeji Commercial Bank BMI Bank Al Salam Bank Citi Bank Bahrain Islamic Bank	
Auditors	BDO 17 th Floor Diplomat Commercial Office Tower PO Box 787 Manama Kingdom of Bahrain	

Review report by the independent auditor to the Board of Directors of Reef Real Estate Finance B.S.C. (c)

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Reef Real Estate Finance B.S.C. (c) (“the Company”) and its subsidiaries (collected referred as “the Group”) as at 30 September 2016, the consolidated condensed interim statement of income, the consolidated condensed interim statement of changes in Owners’ equity, the consolidated condensed interim statement of cash flows for the quarter and the nine months period then ended, and selected explanatory notes. The Company’s Board of Directors is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions and the Sharia’a Rules and Principles as determined by the Sharia’a Supervisory Advisor of the Company. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410- “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information does not present fairly, in all material respects, the financial position of the Group as at 30 September 2016, and of its financial performance and its cash flows for the quarter and the nine months period then ended in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions and the Sharia’a Rules and Principles as determined by the Sharia’a Supervisory Advisor of the Company.



Manama, Kingdom of Bahrain
12 December 2016

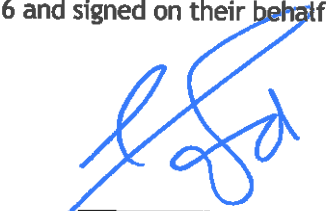


Reef Real Estate Finance Co. B.S.C. (c)
 Consolidated condensed interim statement of financial position as at 30 September 2016
 (Unaudited)
 (Expressed in Bahraini Dinars)

	Notes	30 September 2016 (Unaudited)	31 December 2015 (Audited)
ASSETS			
Cash and cash equivalents	3	5,788,524	5,272,724
Investment securities	4	17,486,721	12,228,591
Murabaha financing	5	-	4,439,397
Ijarah Muntahia Bittamleek	6	1,650,616	2,275,349
Properties-under-development		412,681	412,180
Investment in real estate	7	2,593,832	2,597,572
Receivables and prepayments	8	371,302	687,128
Property and equipment		<u>20,310</u>	<u>36,357</u>
Total assets		<u>28,323,986</u>	<u>27,949,298</u>
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Other liabilities		<u>482,069</u>	<u>575,859</u>
Owners' Equity			
Share capital	9	24,042,900	24,042,900
Treasury shares		(1,202,145)	(1,202,145)
Statutory reserve		1,211,983	1,211,983
Properties fair value reserve		989,463	989,463
Foreign currency translation reserve		(970,517)	-
Charity reserve		-	97
Retained earnings		<u>3,770,233</u>	<u>2,331,141</u>
		<u>27,841,917</u>	<u>27,373,439</u>
Total liabilities and Owners' equity		<u>28,323,986</u>	<u>27,949,298</u>

The unaudited condensed interim financial information, set out on pages 4 to 17, approved and authorised for issue by the Board of Directors on 12 December 2016 and signed on their behalf by:


 Ali Ahmed Al Baghli
 Chairman


 Saud Kanoo
 Vice Chairman

Reef Real Estate Finance Co. B.S.C. (c)

Consolidated condensed interim statement of income for the nine months ended 30 September 2016

(Unaudited)

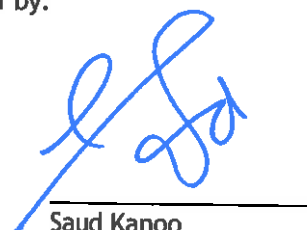
(Expressed in Bahraini Dinars)

	<u>Notes</u>	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Quarter ended 30 September 2016	Quarter ended 30 September 2015
Income					
Gross Ijarah revenue		498,442	703,853	157,696	179,911
Less: Depreciation on Ijarah Muntahia Bittamleek	6	<u>267,772</u>	<u>330,119</u>	<u>82,343</u>	<u>101,671</u>
		230,670	373,734	72,353	78,240
Profit from Mudaraba investments		24,497	57,639	7,219	18,543
Profit from Murabaha financing		344,501	397,405	9,462	96,062
Fees income from Ijarah Muntahia Bittamleek		3,261	16,708	2,375	240
Net rental income from investment in real estate		57,218	87,096	18,179	25,542
Income from investment securities		326,511	188,401	109,493	65,029
Gain on sale of investment in real estate		119,286	132,519	-	45,443
Gain on sale of investment in securities		2,076,749	-	1,665,911	-
Gain on sale of property-under- development		-	108,606	-	-
Allowance no longer required for ijarah Muntahia Bittamleek, Murabaha financing and other receivables		<u>225,428</u>	<u>65,876</u>	<u>-</u>	<u>15,000</u>
		<u>3,408,121</u>	<u>1,427,984</u>	<u>1,887,992</u>	<u>344,099</u>
Expenses					
Staff costs		282,987	356,674	83,653	129,190
General and administrative expenses		217,017	229,217	80,059	47,495
Depreciation of property and equipment		18,275	25,429	5,699	8,509
Depreciation on investment in real estate		3,740	4,930	716	1,545
Investment fees and charges		2,404	-	2,404	-
Foreign exchange loss		256,315	178,099	59,777	253,886
Unrealised fair value loss on investment securities		42,226	50,930	17,713	49,325
Allowances and provisions		<u>4,027</u>	<u>8,906</u>	<u>2,158</u>	<u>2,202</u>
		<u>826,991</u>	<u>854,185</u>	<u>252,179</u>	<u>492,152</u>
Net profit/(loss) for the period		<u>2,581,130</u>	<u>573,799</u>	<u>1,635,813</u>	<u>(148,053)</u>
Basic and diluted earnings per share	10	<u>Fils11.30</u>	<u>Fils2.51</u>	<u>Fils7.16</u>	<u>(Fils0.65)</u>

The unaudited condensed interim financial information, set out on pages 4 to 17, approved and authorised for issue by the Board of Directors on 12 December 2016 and signed on their behalf by:



Ali Ahmed Al Baghli
Chairman



Saud Kanoo
Vice Chairman

Reef Real Estate Finance Co. B.S.C. (c)
 Consolidated condensed interim statement of changes in Owners' equity for the nine months ended 30 September 2016
 (Unaudited)
 (Expressed in Bahraini Dinars)

	Share capital	Treasury shares	Statutory reserve	Properties fair value reserve	Charity reserve	Foreign currency translation reserve	Retained earnings	Total
At 31 December 2014 (Audited)	24,042,900	-	1,150,154	1,078,825	2,294	-	2,288,601	28,562,774
Treasury shares purchased	-	(1,202,145)	-	-	-	-	-	(1,202,145)
Dividend paid during the period	-	-	-	-	-	-	(513,922)	(513,922)
Charity reserve movement	-	-	-	-	5,292	-	-	5,292
Net movement in properties fair value reserve on the sale of investment in real estate	-	-	-	(43,694)	-	-	-	(43,694)
Net profit for the period	-	-	-	-	-	-	721,852	721,852
At 30 June 2015 (Unaudited)	<u>24,042,900</u>	<u>(1,202,145)</u>	<u>1,150,154</u>	<u>1,035,131</u>	<u>7,586</u>	<u>-</u>	<u>2,496,531</u>	<u>27,530,157</u>
At 31 December 2015 (Audited)	24,042,900	(1,202,145)	1,211,983	989,463	97	-	2,331,141	27,373,439
Dividend paid for the year 2015	-	-	-	-	-	-	(1,142,038)	(1,142,038)
Charity reserve movement	-	-	-	-	(97)	-	-	(97)
Foreign currency translation	-	-	-	-	-	(970,517)	-	(970,517)
Net profit for the period	-	-	-	-	-	-	2,581,130	2,581,130
At 30 September 2016 (Unaudited)	<u>24,042,900</u>	<u>(1,202,145)</u>	<u>1,211,983</u>	<u>989,463</u>	<u>-</u>	<u>(970,517)</u>	<u>3,770,233</u>	<u>27,841,917</u>

Reef Real Estate Finance Co. B.S.C. (c)
Consolidated condensed interim statement of cash flows
for the nine months ended 30 September 2016
(Unaudited)
(Expressed in Bahraini Dinars)

	Notes	Nine months ended 30 September 2016 (Unaudited)	Nine months ended 30 September 2015 (Unaudited)
Operating activities			
Net profit for the period		2,581,130	573,799
Adjustments for:			
Depreciation on property and equipment		18,275	25,429
Depreciation on Ijarah Muntahia Bittamleek	6	267,772	330,119
Depreciation on investment in real estate	7	3,740	4,930
Unrealised fair value loss on investment securities	4	42,226	50,930
Gain on sale of investment securities		(2,076,749)	-
Foreign exchange loss on translation of investment in securities	4	1,044,787	20,259
Gain on sale of investment in real estate		(119,286)	(132,519)
Gain on the sale of property under development		-	(108,606)
Changes in operating assets and liabilities:			
Receivables and prepayments		315,826	165,420
Other liabilities		(93,790)	126,042
Net cash provided by operating activities		<u>1,983,931</u>	<u>1,055,803</u>
Investing activities			
Net movement in Murabaha financing		4,439,397	128,152
Net movement in properties-under-development		(501)	(53,000)
Purchase of property and equipment		(2,655)	(584)
Additions in investment securities	4	(6,674,354)	(4,344,734)
Addition in investment in real estate	7	(100,428)	-
Net movement in Ijarah Muntahia Bittamleek		356,961	853,370
Net movement in the foreign currency translation reserve		(970,517)	-
Proceeds from sale of investment securities		2,405,960	-
Proceeds from sale of property-under-development		-	1,285,981
Proceeds from sale of property and equipment		427	-
Proceeds from sale of investment in real estate		219,714	654,000
Net cash used in investing activities		<u>(325,996)</u>	<u>(1,476,815)</u>
Financing activities			
Purchase of treasury shares		-	(1,202,145)
Charity reserve movement		(97)	(2,208)
Dividend paid during the year		(1,142,038)	(513,922)
Net cash used in financing activities		<u>(1,142,135)</u>	<u>(1,718,275)</u>
Net increase/(decrease) in cash and cash equivalents		515,800	(2,139,287)
Cash and cash equivalents, beginning of the period		<u>5,272,724</u>	<u>6,261,904</u>
Cash and cash equivalents, end of the period		<u>5,788,524</u>	<u>4,122,617</u>

Reef Real Estate Finance Co. B.S.C. (c)
 Selected explanatory notes to the consolidated condensed interim financial information
 for the quarter and the nine months ended 30 September 2016
 (Unaudited)
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1 Organisation and principal activities

Reef Real Estate Finance Co. B.S.C. (c) (“the Company”) is a closed shareholding company and operates as an Islamic financing company under license number 58073 granted by the Ministry of Commerce and Central Bank of Bahrain (“CBB”) license number FC/001 obtained on 5 May 2005. The Company commenced commercial operations on 10 September 2005.

The principal activities of the Company include:

- granting short and long-term financing facilities to consumers to finance the purchase and construction of real estate;
- providing leasing facilities with an option to buy;
- investing in real estate, industrial, agricultural and other economic sectors and dealing in shares of established companies;
- buying and selling of properties, developing residential and commercial land, building residential and commercial units with the intent of their subsequent sale or lease

The Company’s activities are regulated by the CBB and supervised by a Shari’a Supervisory Advisor whose role has been defined by the Board of Directors.

The registered office of the Company is in the Kingdom of Bahrain.

2 Basis of preparation

The condensed interim financial information have been prepared in accordance with the Financial Accounting Standards (“FAS”) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”). However, in accordance with the requirements of AAOIFI, for matters for which no AAOIFI standards exist, the Company uses the relevant International Financial Reporting Standards (“IFRS”).

Therefore, in the absence of relevant standards in AAOIFI relating interim financial statements, the guidance from International Accounting Standard 34 - “Interim Financial Reporting” is used in preparation of these interim condensed consolidated financial information for the quarter and the nine months ended 30 September 2016. The condensed interim financial information should therefore be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2015.

These financial statements have been prepared using going concern assumption under the historical cost convention, modified by the valuation of investment in real estate and investment securities which are measured at their fair values.

The functional and presentation currency of the Company is Bahrain Dinars (BD).

The structure of the Group is as follows:

Subsidiaries

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective ownership interest 2016</u>	<u>Effective ownership interest 2015</u>
First Reef B.S.C. (c)	Kingdom of Bahrain	Buying and selling of properties	99.9%	99.9%
Reef Investment UK B.S.C (c)	Kingdom of Bahrain	To issue funds	99.9%	99.9%

Reef Real Estate Finance Co. B.S.C. (c)
 Selected explanatory notes to the consolidated condensed interim financial information
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3 Cash and cash equivalents

	30 September 2016 <u>(Unaudited)</u>	31 December 2015 <u>(Audited)</u>
Current account balances with banks*	451,111	574,526
Mudaraba investments**	5,336,913	4,697,698
Cash in hand	<u>500</u>	<u>500</u>
	<u>5,788,524</u>	<u>5,272,724</u>

* The current account balances with banks are non-profit bearing.

** Mudaraba investments represent amounts placed with financial institutions, which have maturity periods up to 90 days, and earn market rates of profit receivable on maturity.

4 Investment securities

	30 September 2016 <u>(Unaudited)</u>	31 December 2015 <u>(Audited)</u>
Opening balance	12,228,591	6,001,439
Additions	6,674,354	6,421,218
Disposals	(329,211)	-
Foreign exchange losses on translation of investment securities through profit or loss	(74,270)	(40,767)
Foreign exchange losses on translation of investment securities through equity	(970,517)	-
Unrealised fair value loss for the period	<u>(42,226)</u>	<u>(153,299)</u>
	<u>17,486,721</u>	<u>12,228,591</u>
	30 September 2016 <u>(Unaudited)</u>	31 December 2015 <u>(Audited)</u>
Investment in equity-type instruments - Unquoted		
<i>Equity investments</i>	-	335,432
<i>Private investments</i>	12,977,024	7,363,309
Investment in debt-type instruments - Quoted	<u>4,509,697</u>	<u>4,529,850</u>
	<u>17,486,721</u>	<u>12,228,591</u>

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4 Investment securities (continued)

Investment - securities-wise analysis:

		30 September 2016 (Unaudited)	31 December 2015 (Audited)
Equity type instruments carried at fair value through statement of income			
Amwaj Property Limited		335,432	335,432
Manazel Qurtoba 2 fund	(a)	1,008,713	1,008,713
Jenina Real Estate Development Co. Ltd	(b)	1,508,053	1,508,053
National Air Traffic Services Project (NATS)	(c)	491,005	559,053
SICO Kingdom Equity Fund	(d)	185,226	207,300
Difaaf Development Limited	(e)	2,003,706	2,003,706
Equity type instruments carried at fair value through equity			
APL PH1 Limited	(f)	1,823,732	2,076,484
Jersey SPV - 3M Bracknell	(g)	1,473,014	-
APL 2B Limited	(h)	2,992,791	-
APL 2C Limited	(i)	<u>1,490,784</u>	-
		12,977,024	7,698,741
Debt-type instruments carried at fair value through statement of income			
CBB sukuk	(j)	<u>4,509,697</u>	<u>4,529,850</u>
		<u>17,486,721</u>	<u>12,228,591</u>

- (a) During the year 2013, the Group has invested BD1,008,713 in acquiring shares in Manazel Qurtoba 2 fund, floated by MEFIC Capital in Kingdom of Saudi Arabia. The main objective of fund is to develop a property in Northern Riyadh, Kingdom of Saudi Arabia.
- (b) During the year 2014, the Group has invested BD1,508,053 in Sky palaces project, Business Bay Dubai through an SPV "Jenina Real Estate Development Co. Ltd".
- (c) During the year 2015, the Group has invested GBP1,000,000 in Global Investments House to invest in GIH-NATS project in United Kingdom. The main objective of fund is capital appreciation and rental yield from NATS (National Air Traffic Services Project).
- (d) During the year 2015, the Group has invested BD250,000 in SICO to seek capital appreciation through investing in equity securities listed in the Saudi Exchange market and the GCC.
- (e) During the year 2015, the Group has invested BD2,003,706 in Difaaf Development Limited project, Bahrain through Venture Capital Bank. The objective of the Company is to develop a property in Reef Islands, Kingdom of Bahrain.
- (f) During the year 2015, the Group has invested BD2,076,484 in acquiring the shares in APL PH1 Limited. The objective of the Company is to develop a property in United Kingdom.
- (g) During the year 2016, the Group has invested GBP3,000,000 in Jersey Fin Co. ("SPV") - 3M Bracknell project, United Kingdom. The main objective of fund is capital appreciation and rental yield.
- (h) During the year 2016, the Group has invested BD3,293,953 in acquiring the shares in APL 2B Limited. The objective of the Company is to develop a property in United Kingdom.

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 Selected explanatory notes to the consolidated condensed interim financial information
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4 Investment securities (continued)

- (i) During the year 2016, the Group has invested BD1,665,914 in acquiring the shares in APL 2C Limited. The objective of the Company is to develop a property in United Kingdom.
- (j) During 2015, the Group has invested BD1,500,000 in acquiring units Government Islamic Leasing Sukuk-Issue 22 (GILS22.SUK) due in 2025. The Group total investment in Sukuk "CBB international Sukuk" floated by the Central Bank of Bahrain amounting to BD 2,942,197 (2015: BD2,962,350). These units are listed. The Group has fair valued the Sukuks at 30 September 2016 and recorded net loss of BD20,153 in the consolidated statement of income.

Unquoted equity securities at fair value through statement of income comprise investments in closed companies, companies managed by external investment managers or represent investments in projects. The management calculates fair values of these investments using various sources of information including investment managers' reports and audited financial statements, wherever available.

Although all of these investments have shown improvement in fair values due to various reasons such as expected project completion timeline and exits strategy, market liquidity, lock-in periods, and availability of ready buyer the management has considered cost to be the best proximity of the fair value. Management will continue reassessing the fair values of these unquoted investments at each reporting date.

Investment securities are denominated in the following currencies:

Currency	2016 (Unaudited)	2015 (Audited)
Great Britain Pounds	8,271,325	2,970,969
United States Dollars	5,131,130	5,173,356
Saudi Riyals	1,008,713	1,008,713
Arab Emirates Dirhams	1,508,053	1,508,053
Bahraini Dinars	<u>1,567,500</u>	<u>1,567,500</u>
	<u>17,486,721</u>	<u>12,228,591</u>

5 Murabaha financing

		30 September 2016 (Unaudited)	31 December 2015 (Audited)
Amwaj Property Limited (APL)	(a)	-	2,459,334
Amwaj Property Limited (APL) - Mezzanine 2	(b)	-	1,185,640
Omniyat Properties Six Limited	(c)	-	1,028,075
General provision for the year		<u>-</u>	<u>(233,652)</u>
		<u>-</u>	<u>4,439,397</u>

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5 Murabaha financing (continued)

The movement in general provision is as follows:

	30 September <u>2016</u> (Unaudited)	31 December <u>2015</u> (Audited)
Opening balance	233,652	-
Transferred (to)/from Ijarah Muntahia Bittamleek	(108,652)	233,652
Provision written-back	<u>(125,000)</u>	<u>-</u>
Closing balance	<u>-</u>	<u>233,652</u>

- a) During the period, the Amwaj Property Limited (APL) has fully repaid the facility with profit amounting to BD2,459,334.
- b) During the period, the Amwaj Property Limited (APL) has fully repaid the facility and the profit up to 8 June 2016 amounting to BD1,173,247 and BD86,203 respectively.
- c) During the period, the Omniyat Properties has repaid the facility with profit amounting to BD1,028,075 and BD76,742 respectively.

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6 Ijarah Muntahia Bittamleek

	<u>Lands</u>	<u>Buildings</u>	<u>Total</u>
Cost			
At 31 December 2014	420,974	9,284,744	9,705,718
Additions	-	37,439	37,439
Reclassifications during the year	763,453	(763,453)	-
Payment received/disposals	<u>(566,217)</u>	<u>(1,378,369)</u>	<u>(1,944,586)</u>
At 31 December 2015	618,210	7,180,361	7,798,571
Additions	-	6,930	6,930
Payment received/disposals	<u>(159,967)</u>	<u>(375,388)</u>	<u>(535,355)</u>
At 30 September 2016	<u>458,243</u>	<u>6,811,903</u>	<u>7,270,146</u>
Depreciation			
At 31 December 2014	-	(5,622,374)	(5,622,374)
Charged for the year	-	(429,115)	(429,115)
Disposals	<u>-</u>	<u>647,887</u>	<u>647,887</u>
At 31 December 2015	-	(5,403,602)	(5,403,602)
Charged for the period	-	(267,772)	(267,772)
Disposals	<u>-</u>	<u>280,116</u>	<u>280,116</u>
At 30 September 2016	<u>-</u>	<u>(5,391,258)</u>	<u>(5,391,258)</u>
General provision			
At 31 December 2013 and 2014	5,071	433,201	438,272
Provision no longer required	(5,071)	(79,929)	(85,000)
General provision transferred to Murabaha Financing	<u>-</u>	<u>(233,652)</u>	<u>(233,652)</u>
At 31 December 2015 and 30 September 2016	-	119,620	119,620
General provision transferred from Murabaha Financing	<u>-</u>	<u>108,652</u>	<u>108,652</u>
At 30 September 2016	<u>-</u>	<u>228,272</u>	<u>228,272</u>
Net book value			
At 30 September 2016	<u>458,243</u>	<u>1,192,373</u>	<u>1,650,616</u>
At 31 December 2015	<u>618,210</u>	<u>1,657,139</u>	<u>2,275,349</u>

Assets acquired for leasing (Ijarah Muntahia Bittamleek) are leased under contracts that conclude with the transfer of the legal title (ownership) in the leased asset to the lessee at the end of the lease period for a token consideration.

The Ijarah Muntahia Bittamleek contracts outstanding at 30 September 2016 have lease terms of up to 17 years.

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7 Investment in real estate

	Investment properties for capital appreciation	Investment properties for periodical consideration	<u>Total</u>
Cost/Revalued			
As at 31 December 2014	376,208	2,859,642	3,235,850
Disposals	<u>(376,208)</u>	<u>(236,906)</u>	<u>(613,114)</u>
As at 31 December 2015	-	2,622,736	2,622,736
Additions	100,428	-	100,428
Disposals	<u>(100,428)</u>	<u>-</u>	<u>(100,428)</u>
As at 30 September 2016	<u>-</u>	<u>2,622,736</u>	<u>2,622,736</u>
Depreciation			
As at 31 December 2014	-	20,961	20,961
Charge for the year	-	6,474	6,474
On disposals	<u>-</u>	<u>(2,271)</u>	<u>(2,271)</u>
As at 31 December 2015	-	25,164	25,164
Charge for the period	<u>-</u>	<u>3,740</u>	<u>3,740</u>
As at 30 September 2016	<u>-</u>	<u>28,904</u>	<u>28,904</u>
Net book value			
At 30 September 2016	<u>-</u>	<u>2,593,832</u>	<u>2,593,832</u>
At 31 December 2015	<u>-</u>	<u>2,597,572</u>	<u>2,597,572</u>

Included in investment properties for periodical consideration is the net book value of furniture and fixtures of BD1,964 (2015: BD5,705) which is depreciated over their useful lives.

Break down of net earned periodical consideration in provided below:

	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Quarter ended 30 September 2016	Quarter ended 30 September 2015
Rental income	109,508	113,625	37,329	34,535
Maintenance and electricity expenses	<u>(52,290)</u>	<u>(26,529)</u>	<u>(19,150)</u>	<u>(8,993)</u>
	<u>57,218</u>	<u>87,096</u>	<u>18,179</u>	<u>25,542</u>

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8 Receivables and prepayments

	30 September 2016 <u>(Unaudited)</u>	31 December 2015 <u>(Audited)</u>
Ijarah Muntahia Bittamleek rental receivables	363,031	346,162
Allowance for doubtful Ijarah Muntahia Bittamleek rental receivables	<u>(263,668)</u>	<u>(262,041)</u>
	99,363	84,121
Other receivables	161,249	216,498
Allowance for other receivables	<u>(11,700)</u>	<u>(109,728)</u>
	248,912	190,891
Prepayments	36,198	27,633
Accrued profit on investment in sukuk	79,141	56,922
Accrued profit on Murabaha financing	-	400,122
Accrued profit on short-term deposits	<u>7,051</u>	<u>11,560</u>
	<u><u>371,302</u></u>	<u><u>687,128</u></u>

9 Share capital

	30 September 2016 <u>(Unaudited)</u>	31 December 2015 <u>(Audited)</u>
Authorised		
400,000,000 (2015: 400,000,000) ordinary shares of 100 Fils each	<u>40,000,000</u>	<u>40,000,000</u>
Issued and fully paid-up		
240,429,000 (2015: 240,429,000) ordinary shares of 100 Fils each	<u>24,042,900</u>	<u>24,042,900</u>

The Company has only one class of equity shares and the holders of the shares have equal voting rights.

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9 Share capital (continued)

Treasury Shares:

The Company had decided in the Annual General Meeting held on 24 April 2014 to purchase back 12,021,450 shares of 100 Fils each, amounting to BD1,202,145, which represents 5% of the share capital. The Company had obtained the approval from the Ministry of Industry and Commerce on 28 May 2014 and from the Central Bank of Bahrain on 2 July 2014. During 2015, the Company purchased the treasury shares amounting to BD1,161,202 and balance during the period ended 30 September 2016.

The Company has only one class of equity shares and the holders of the shares have equal voting rights.

10 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares during the period.

	Nine months ended 30 September <u>2016</u>	Nine months ended 30 September <u>2015</u>	Quarter ended 30 September <u>2016</u>	Quarter ended 30 September <u>2015</u>
Net profit/(loss) attributable to the Owners	<u>2,581,130</u>	<u>573,799</u>	<u>1,635,813</u>	<u>(148,053)</u>
Number of ordinary shares net of treasury shares	<u>228,407,550</u>	<u>228,407,550</u>	<u>228,407,550</u>	<u>228,407,550</u>
Basic and diluted earnings per share	<u>Fils11.30</u>	<u>Fils2.51</u>	<u>Fils7.16</u>	<u>(Fils0.65)</u>

The Group does not have any potentially dilutive ordinary shares hence the diluted earnings and basic earnings per share are identical.

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11 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties consist of the shareholders and directors and their close family members, and businesses under their control. The Group's transactions with related parties are at arm's length and are authorised by the management.

A summary of transactions and amounts due from related parties is as follows:

Related party relationship	Transaction type	For the period ended transaction amount		Amounts due from related parties	
		30 September 2016 (Unaudited)	30 September 2015 (Unaudited)	30 September 2016 (Unaudited)	31 December 2015 (Audited)
Owners and immediate family members	Ijarah Muntahia Bittamleek	-	182,540	-	29,374
Directors	Directors remuneration	-	35,000	-	-
Subsidiary	Expenditures	1,552	56,771	-	-
Directors	Board member fees and allowances	17,100	11,300	-	-
Key management personnel *	Salaries and other short-term benefits	112,795	206,405	-	-
Directors	Premises leased	23,654	23,654	-	-

* Key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of the Group.

12 Interim financial information

The interim net profit for the nine months ended 30 September 2016 may not represent a proportionate share of the annual net income due to the variability in the receipt of income.

13 Subsequent events

There were no significant events subsequent to 30 September 2016 and occurring before the date of the report that has a significant impact on these financial statements.